

# Government Versus The People

## The Four Poorest American Cities

- 1. Detroit, MI**
- 2. Buffalo, NY**
- 3. Cincinnati, OH**
- 4. Cleveland, OH**

U.S. Census Bureau,  
2006 American Community Survey, August 2007

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### Who runs them:

- 1. Detroit, MI**  
Has had a big government Democratic  
Mayor since 1961
- 2. Buffalo, NY**  
Has had one since 1954
- 3. Cincinnati, OH**  
since 1984
- 4. Cleveland, OH**  
since 1989

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## Introduction

Sixteen years ago, in a cynical gesture to secure his re-election, Bill Clinton declared that “the era of Big Government is over.”<sup>1</sup> Last November, the same Bill Clinton published a manifesto promoting Big Government, and hailing it as the key to a just and caring and prosperous America. This, too, was a campaign ploy, part of a massive effort by progressives to justify Barack Obama’s multi-trillion-dollar spending spree and promote his re-election.<sup>2</sup> Ignoring the fact that Obama’s “stimulus” programs have produced anemic results for everyone except his political cronies and campaign bundlers, progressives argue that even *bigger* government programs are required for a “strong economy” and a healthy society. Only social reactionaries and the willfully blind would deny it.

Democrats have pursued the agenda of ever more capacious government troughs since the New Deal, and have presented this agenda as a “progres-

sive solution” to America’s social problems. They have chased the chimera of social bailouts to the point where their vision is now indistinguishable from the socialism that has brought Europe to the brink of economic ruin. Why does the belief in big government take on the character of religious faith among political “progressives?” Because money is power, and progressive elites want power to change the world and reshape it to suit their prejudices and desires.

In the progressive view there are “two Americas”: the America of the rich and powerful, and the America of the poor and powerless. As they see it, this is a problem that only an ever-expanding, ever more powerful state can solve. The poor and the powerless have only progressives to speak for them and to act in their behalf through government programs.

An extreme—not to say absurd—version of the “two Americas” is the “1% versus the 99%” fantasy cooked up by the “Occupy Wall Street” radicals. In their telling, the impoverished 99% are struggling to get by, while the wealthy 1% feed off their misery.<sup>3</sup> In the America of the 99% are those who vote for Democrats, and are liberal and reasonable

and, above all, compassionate. On the other side are the 1%, who vote Republican and are conservative and selfish. Conservatives are possessed by “anti-government obsessions” that threaten the very existence of those whose only hope is a state that looks after them and takes money from the wealthy to provide the justice that free markets and personal accountability deny.<sup>4</sup>

Progressive Americans are believers in the creed that “government can solve social problems, or at least mitigate them,” as Clinton puts it. Opposing these caring people of the left and their compassionate schemes are the Scrooges of the right who want to “strangle” government and protect their privilege.<sup>5</sup> In their own view, progressives are the people who are *concerned* about society’s victims—who are really the victims of conservative selfishness. All caring Americans should join their crusade to tax the comfortable and use the money to comfort the afflicted, the “99%” who have no recourse but government and good-hearted progressives to help them.

This is the melodrama the left plays out in every election cycle. Its moral indictment is the staple of left-wing politics and the template of all

Democratic campaigns. Confronting this indictment, which is as old as socialism, conservatives seem to be always surprised, always on the defensive and perennially tongue-tied. Even though it is a proven fact that conservatives are far more generous in their charitable giving than liberals, when they respond to this progressive attack it is often in the manner of nervous accountants attempting to balance a ledger. Conservatives talk about “debts” and “deficits,” and, in doing so, dodge the moral question instead of answering it. They retreat into numbers as though they don’t want to even look at the human toll of socialist policies, wagging their fingers instead at government “waste,” as though waste was all that mattered. They point to the imprudence of investing billions in government-sponsored electric cars that no one buys, or in green firms run by the president’s cronies that go belly-up on the public dime.

At one level, such reasoning can’t be faulted. Who better to invest capital—individual entrepreneurs who create wealth, or government bureaucracies that squander it? But such reasoning, which excludes the human consequences of socialist policies will inevitably fall on deaf political ears.

Politics is an arena of the emotions where reason is rarely decisive and rarely prevails. Progressive spenders regularly attack the businesslike arguments that conservatives offer for failing to address the human suffering that lies behind the numbers. Progressives never stray from the moral indictment, which will always trump a business approach. Perhaps a particular government program is wasteful, but that's the price of helping the helpless. Government investments that turn out to be wrong are wrong for the right reasons. Shouldn't government attempt to help where help is needed, even if the help sometimes falls short? Isn't erring in the name of compassion and hope better than a heartless addiction to the bottom line whatever the human cost?

As progressives describe it, conservatives respond to social crises by blaming the victim. To be fair, conservatives also have a human victim to point to, namely the taxpayer. But it is a victim who only provides fodder for the progressive assault. When conservatives wring their hands over taxpayers' woes, they are merely demonstrating that their real concern is to defend the selfish. Why shouldn't taxpayers who can afford it—the 1%—pay a little extra for worthy causes? Why wouldn't they want

to share their good fortune with others? Those who defend the selfishness of wealthy taxpayers are enemies of education and welfare, of minorities and the poor. Conservatives are waging a war against society's weak and vulnerable members.

So the leftist argument goes. And what decent American would feel comfortable in these conservative shoes?

It should be clear by now that the way conservatives usually frame the political counter-argument, other things being equal they can't win the debate. And so they usually don't. Yet conservatives insist on continuing to go into every battle and every election with accountant ledgers in hand, as though they might change the result by repeating the same argument all over again.

The battle over the expansion of an already too powerful state is the crucial battle of our times. It is the battle to preserve liberty and individual freedom, the core of what America is about. Trillion-dollar deficits and universal government programs mean the diminution of the individual, and cannot mean anything else. If you are dependent on government for your health, as the left wants you to be,



what independence do you retain? Yet even when the argument is put this way, many Americans will still be willing to make the sacrifice of a portion of their own freedom in order to provide for the welfare of others.

It is *this* issue—the welfare of others and especially the weak and vulnerable—that conservatives must begin to address if they are to hold their own in the debate and gain a hearing for the principles they hold dear. To make a strong case for limited government and individual freedom (which is what the Founders intended), conservatives need to address the concern that Americans have for the well-being of others. They must speak to Americans’ hearts and souls, and not just their pocketbooks.

Here is the argument conservatives should make: The sins of government are not merely sins of omission; they are also sins of *commission*. Government programs are not only inadequately conceived and poorly managed—most people will concede as much—but they have destructive consequences for the very people they are designed to help. In other words, government programs have victims, and those victims are not merely taxpay-

ers. The pages that follow provide four examples of how government in the hands of progressive politicians has blighted the lives of society's most vulnerable populations, particularly those who are poor and black, and how acts of progressive "compassion" have inflicted damage on minorities and the poor on a scale that can hardly be imagined.

## **I. How Progressives Sold Homes to the Poor They Couldn't Afford and Took Billions in Wealth from Black and Hispanic Homeowners**

*Because of the government-fostered collapse of the housing market, which began under Carter and metastasized under Obama, the median net worth of black and Hispanic households declined by 53% and 66%, respectively, between 2005 and 2009—the single greatest economic blow ever delivered to these communities.*

In the mid-1970s, with Jimmy Carter in the White House and Democrats in control of Congress, progressives began a campaign to make home ownership a right. As in many other cru-

sades, progressives used race to justify an attack on the home-loan protocols that experience had established as sound business practice. Charging the banking industry with racism in its lending standards, the left systematically undermined and then destroyed those standards. The result was the collapse of the housing market in 2008.

When progressives launched this campaign to end alleged racism in the lending industry, there was in fact no systemic racism in the lending industry, and there were no insurmountable obstacles to minorities seeking homes they could really afford. But facts were unimportant to the left, whose standard practice was to invoke statistical disparities as evidence of racism in order to achieve their political agendas. Statistics did show that home ownership rates for African Americans and Hispanics were slightly above 40% while the rate for whites was near 70%.<sup>6</sup> Since many factors are involved in getting a loan to buy a house, this was no evidence of actual discrimination against minorities. But for progressives—and the Democratic politicians who responded to their call—no further evidence was needed to tar the housing industry with the racist brush.

The Party of Big Government saw the disparities as an opportunity to solve a “social problem” and strike a blow for “social justice.” The congressional point man for the “equal rights in housing” campaign was a McGovern Democrat named Henry Reuss, chairman of the powerful House Banking Committee.<sup>7</sup> Reuss sponsored the Housing and Community Development Act of 1977, which contained a key section that became known as the Community Reinvestment Act (CRA). The crucial line in the CRA “required each appropriate Federal financial supervisory agency to assess ... [each] bank’s record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods.”<sup>8</sup> This was a mandate for banks to seek out and lend to minority borrowers—particularly mortgagers—of meager to modest means, and more importantly to change bank lending rules to make this possible. The Reuss bill was passed with 87% Republican support and 97% Democrat support in the House, and 50% Republican support and 87% Democrat support in the Senate.<sup>9</sup> It was signed into law by President Carter as a triumph for equal opportunity and civil rights.

Like many government policies, the Community Reinvestment Act began as a modest proposal

but expanded dramatically once it became law.<sup>10</sup> By the 1990s, officials in the Clinton administration had come up with radical interpretations of CRA that forced banks to abandon previous lending policies and undertake a wholesale restructuring of their lending guidelines.<sup>11</sup> (Future president Barack Obama, then an activist with the “community” organization ACORN, was one of the people who played a leading role in building grassroots pressure to widen the scope of the CRA mandate.)<sup>12</sup>

The new standards—if they could be called that—were designed to ensure that large numbers of low-income minorities who had no ability to repay the loans could nevertheless qualify for home mortgages. Owning a home would thus become a “right” even for those who could not afford one. The policy made no economic sense, and future financial collapse was written all over it. But no matter; it was justified by the canons of a political religion, which sanctified the provision of homes to those who couldn’t afford them as a matter of “social justice.”

The campaign to throw out the existing standards was given the imprimatur of the Federal Reserve Bank of Boston in a 1992 study showing that

whites and blacks had been denied mortgages at disparate rates of 17% and 38%, respectively. The study attributed the disparity to race.<sup>13</sup> Progressive journalists in the media accepted its presumptions and called them proof that racism was rampant in the mortgage industry. In the words of the *Boston Globe*, the Reserve Bank's "landmark study" provided "the most damning evidence to date of racial hurdles facing minority homebuyers."<sup>14</sup>

But this conclusion—shared by virtually all media accounts—ignored the facts provided in a second study conducted the same year, also by the Boston Fed. The new study refuted the previous claim. It showed that black loan applicants not only had greater debt burdens and poorer credit histories than their white counterparts, but also tended to seek loans covering a higher percentage of the property values in question.<sup>15</sup> After correcting for these and other standard credit criteria—income, net worth, age, education, and probability of employment—the loan-rejection gap between racial groups largely disappeared.<sup>16</sup> The Federal Reserve Board in Washington also re-examined the original study and found its conclusions "difficult to justify."<sup>17</sup> Similarly, Nobel Prize-winning economist Gary Becker determined that the first

Boston Fed study had “serious methodological flaws,” which made its results “of dubious value in formulating social policy.”<sup>18</sup>

Various facts further discredited the claim of white racism in the banking industry. One was the fact that Asians were more likely than whites to be approved for mortgages.<sup>19</sup> Another was that black-owned banks were even more likely than white-owned banks to turn down black applicants.<sup>20</sup> Moreover, black homeowners had higher default rates than whites on their mortgage loans<sup>21</sup>—a sure indication that lending institutions were not holding prospective black borrowers to stricter standards in awarding loans, but were probably already favoring them.<sup>22</sup>

These facts did not deter the left from its prosecution. On the contrary, any challenge to its extravagant claims of systemic racism entailed risks of opprobrium that few were filling to take. Egged on by civil rights groups and an echo-chamber media, the Clinton administration pressed the attack on lending guidelines and the financial system they underpinned. Attorney General Janet Reno warned that “no bank” would be “immune” from the Justice Department’s determination to punish alleged

discrimination in lending practices—a warning that extended far beyond the “subprime” loan market.<sup>23</sup>

The comptroller of the currency, Eugene Ludwig, told the Senate Banking Committee, “We have to use every means at our disposal to end discrimination and to end it as quickly as possible.”<sup>24</sup> In this spirit, the administration proceeded to transform the CRA from a simple outreach effort into a strict quota system.<sup>25</sup> Under the new arrangements, if a bank failed to meet its quota for loans to low-income minorities, it ran a high risk of failing to earn a “satisfactory” CRA rating from the Federal Deposit Insurance Corporation.<sup>26</sup> Such failure could block a bank’s efforts to open a new branch, relocate a home office, make an acquisition, or merge with another financial institution.<sup>27</sup> From a practical standpoint, banks had no recourse but to drastically lower their down-payment and underwriting standards, and to approve risky loans to borrowers who, experience told them, would likely not be able to pay them back.

Pressure to revise the lending procedures came from radical community organizations such as ACORN and the Greenlining Institute, which were



able to create an intimidating atmosphere by accusing banks of discriminatory practices contrary to the CRA mandates. The accusations were routinely accompanied by threats of lawsuits and boycotts. To avoid the damaging consequences of such actions, banks routinely responded by pledging to increase loans to nonwhites whether or not they had the means to repay them. As a result, banks' CRA commitments grew geometrically to more than thirty times what they had previously been. From 1977 to 1991, subprime loans cumulatively totaled just under \$9 billion. In 1992, they jumped to \$34 billion. Over the ensuing sixteen years—right to the moment of the housing crash—they expanded to over \$6 trillion.<sup>28</sup>

The CRA was by no means the only government hammer employed to force financial institutions to “remedy racism” by revising their business practices. In the first year of the Clinton administration, the Department of Housing and Urban Development (HUD) developed rules pressuring lenders to increase their approval rates for loans to minority applicants by 20% within a one-year period.<sup>29</sup> HUD also began bringing legal actions against those mortgage bankers who turned down a higher percentage of minority applicants than white ap-

plicants, regardless of their reasons for doing so.<sup>30</sup> The only way for lenders to escape punishment was to lower the down-payment requirements to qualify for loans, which eventually went to zero, and to drastically reduce income requirements for minority borrowers.

HUD also pressured the government-sponsored mortgage lenders Fannie Mae and Freddie Mac, the two largest sources of housing finance, to earmark a rising number of their loans for low-income borrowers. “For 1996,” the *Wall Street Journal* reported, “HUD gave Fannie and Freddie an explicit target: 42% of their mortgage financing had to go to borrowers with incomes below the median in their area. The target had increased to 52% by 2005.”<sup>31</sup> HUD further required 12% of all mortgages purchased by Fannie and Freddie to be “special affordable” loans, typically to borrowers with incomes at least 40% below the median for their area. The 12% figure had increased to 28% by 2008.<sup>32</sup> Nonwhite minorities were far likelier than whites to be the recipients of these loans. In December 2006, the *New York Times* reported: “The most recent Home Mortgage Disclosure Act data from lending institutions show that over half of African Americans and 40 percent of Hispanics re-

ceived subprime loans.”<sup>33</sup>

There was no more important congressional promoter of the new lending practices than Barney Frank, the ranking Democrat on the powerful House Committee on Financial Services and later its chairman. In 2004, when the mounting danger was clearly visible, Frank dismissed critics’ concerns about the high-risk loans. Government, he said, had “probably done too little rather than too much” in pushing Fannie and Freddie “to meet the goals of affordable housing....”<sup>34</sup> Senator Christopher Dodd, the ranking Democrat on the Senate Banking Committee, agreed. As both institutions approached bankruptcy, Dodd referred to Fannie and Freddie as “one of the great success stories of all time.” Even as late as 2008, just days before the government was forced to bail out those firms, Dodd pronounced them “fundamentally sound and strong.”<sup>35</sup>

Democrats were not the only politicians pushing for the lax lending standards and justifying them as an effort to benefit minorities and the poor. In 2002, the Bush administration pressed Congress to pass the American Dream Downpayment Initiative (ADDI) to subsidize the down payments and

closing costs of low-income, first-time homebuyers.<sup>36</sup> After ADDI was enacted in 2003, Bush also encouraged Congress to pass legislation permitting the Federal Housing Administration to make zero-down-payment loans at low interest rates to low-income people,<sup>37</sup> on the theory that “those who can afford the monthly payment but have been unable to save for a down-payment should [not] be deprived from owning a home.”<sup>38</sup>

In just a few years, the time-tested practices of the entire lending industry had been abandoned under government pressure. One in five mortgages were now financed by subprime loans, and loans with no money down had risen to nearly 14% of all mortgages.<sup>39</sup> Denying the laws of financial gravity was not a practice that could go on indefinitely, and it soon led to a tidal wave of home foreclosures across the United States.

The primary victims, of course, were the very people the reckless lending practices were supposed to help—the poor and un-creditworthy—whose inability to pay the charges on the loans now cost them their new homes.

From January 2007 through the end of 2009,

there were 2.5 million foreclosures nationwide.<sup>40</sup> In this tsunami, according to a 2011 report by the Center for Responsible Lending, “African-American and Latino borrowers [were] almost twice as likely [as whites] to have been impacted by the [housing] crisis.”<sup>41</sup> Among borrowers who had taken out mortgages in the three years leading up to the 2008 collapse, fully 8% of the African Americans and Hispanics lost their homes to foreclosure between 2007 and 2009. Among the less-favored white borrowers, the rate of foreclosure was a little more than half as high.<sup>42</sup> When the Center for Responsible Lending issued a report in June 2010, it estimated that by then, 17% of Hispanic homeowners and 11% of black homeowners (as compared to 7% of whites) had already lost their homes or were in imminent danger of losing them.<sup>43</sup> Those losses resulted from the “soft bigotry of low expectations” that President Bush had warned against but then succumbed to, under pressure from the left.

The disparities in foreclosure rates resulted from the fact that African Americans and Hispanics—because of their comparatively poor credit ratings<sup>44</sup>—were disproportionately recipients of the subprime mortgages. Fifty-two percent of blacks (vs. only 16% of whites) had credit scores low enough to

classify them as subprime borrowers.<sup>45</sup> Among all borrowers in 2006, 41.5% of blacks and 30.9% of Hispanics (as compared to 17.8% of whites) were recipients of subprime loans.<sup>46</sup> Across the United States, the places where subprime loans were most prevalent also had the highest foreclosure rates.<sup>47</sup> As Thomas Sowell wryly notes, “Being granted loans because the bank needs to meet statistical targets—quotas—in order to keep federal agencies off their backs, rather than because you are likely to be able to repay the loans, is not unequivocally a benefit to a borrower.”<sup>48</sup>

In a modern society, the two facts most inimical to social mobility are geographic immobility and massive debt burdens on the individual. Progressives encouraged blacks and Hispanics to nail themselves to the cross of dying, low-employment cities like Detroit, by tricking them into buying houses in bad locations via insanely leveraged structures that doomed most of them to unending debt or financial bankruptcy. The population of Detroit is 83% black, and the city’s unemployment rate is 30%.<sup>49</sup> Over the past two decades, Greensboro, Charlotte and Atlanta have all seen their Hispanic populations skyrocket and their unemployment rates climb to levels significantly higher than the national aver-

age in the aftermath of the housing crisis.<sup>50</sup> Similar trends have been apparent in smaller cities like El Centro, California, whose population is 78% black and Hispanic, and whose unemployment rate today is 26.8%.<sup>51</sup> As of 2010, the top ten foreclosure rates in the United States were, without exception, in metropolitan areas whose concentration of black and Hispanic residents was significantly higher than the national average.<sup>52</sup>

Losing a home can be a traumatic experience for anyone. But the individual tragedies of these first-time homeowners who saw their dreams go up in smoke were only part of the devastation visited on minorities by ill-conceived progressive schemes. For those climbing the economic ladder, home ownership is the principal investment they make on the road to success. Prior to the crash, home ownership accounted, on average, for 63% of the net worth of African Americans, as compared to just 38.5% of white net worth.<sup>53</sup> Because of the government-fostered housing collapse, between 2005 and 2009 the median net worth of black households declined by 53%, while the median net worth of Hispanic households fell by 66%—the single greatest economic blow ever delivered to these communities.<sup>54</sup> For whites, the decline was just 16%.<sup>55</sup> According

to a Pew Research Center report, “Plummeting house values were the principal cause [of this] erosion in household wealth among all groups.”<sup>56</sup> The Pew study further found that by 2009, the wealth gap between white households and their black or Hispanic counterparts had grown to its widest point since the government began publishing such data by ethnicity in 1984.<sup>57</sup>

The declines in black and Hispanic net worth from 2005 to 2009 were not just givebacks of windfalls those groups had gained during the housing boom of 2000 to 2005. The housing crisis left blacks and Hispanics (but not whites) in a significantly *worse* economic position than they had been in prior to the five-year boom.<sup>58</sup> In fact, blacks and Hispanics (but not whites) were actually worse off in 2009 than they had been twenty-one years earlier.<sup>59</sup> Progressive benevolence wiped out two decades of black and Hispanic efforts to rise economically. In the next three years, moreover, the African American community collectively lost another \$193 billion, and the Hispanic community \$180 billion.<sup>60</sup>

This virtually unreported catastrophe to blacks and Hispanics cast a dark cloud over what had



been one of America's greatest success stories. The rise of the black middle class had been a success of unparalleled dimensions. Between 1949 and 1994, the proportion of African Americans in the middle class nearly quadrupled, from 12% to 44%—an unprecedented advance for a previously oppressed group. But African Americans and Hispanics were now the chief victims of the housing disaster that progressive “community organizers” and government interventions had created. The National Urban League's president, Marc Morial, said of the victims, “These are people who played by the rules. They built wealth, went to college and had good jobs. But in a short period of time, they've fallen back.”<sup>61</sup> This was a mild way of referring to the fact that the net worth of African Americans had been cut in half, while the net worth of Hispanics had been slashed by two-thirds, as a result of big-government programs.

Yet house foreclosures were only part of the calamity suffered by minorities in the economic debacle of 2008. When the bottom fell out of the housing market, it inevitably fell out of the jobs market too. In January 2007, the respective unemployment rates for Hispanics and blacks in the United States had been 5.7% and 8.0%.<sup>62</sup> By December 2009,

those figures had spiked to 12.9% and 15.8%.<sup>63</sup> By August 2011, the black unemployment rate was at 16.7% overall and 19.1% for black males—figures comparable to those of the Great Depression.<sup>64</sup>

Did progressive politicians learn from these mistakes, which spread misery and pain through millions of households and set minorities back a generation economically? Hardly. In 2009, Rep. Eddie Bernice Johnson, an African American member of the Congressional Progressive Caucus, sponsored a new version of the CRA along with fifty-one other left-wing legislators, calling it the “Community Reinvestment Modernization Act.” This progressive gem was designed “to close the wealth gap in the United States” by “increasing home ownership and small business ownership for low- and moderate-income borrowers and persons of color.” The legislation sought to extend the CRA’s Alice-in-Wonderland lending rules—the very rules that had led to the economic disaster—to credit unions, insurance companies, and mortgage lenders, and to apply the watered-down lending standards not only to low- and moderate-income borrowers, but to any non-white minorities, regardless of income.<sup>65</sup>

## II. How Progressives Created the Black Underclass and Condemned It to Permanent Poverty

*From the wild Irish slums of the 19th-century Eastern seaboard, to the riot-torn suburbs of Los Angeles, there is one unmistakable lesson in American history: a community that allows large numbers of young men to grow up in broken families, dominated by women, never acquiring any stable relationship to male authority, never acquiring any set of rational expectations about the future--that community asks for and gets chaos. Crime, violence, unrest, disorder ... are not only to be expected, they are very near to inevitable.*

—Daniel Patrick Moynihan, 1965

While the mythology of the left describes America as a class society divided into “haves” and “have-nots,” the reality is quite different. Nearly 58% of all taxpayers who were in the bottom income quintile in 1996 had moved into a higher income group by 2005.<sup>66</sup> About half of all taxpayers who were in the second-lowest quintile that year also moved to a higher income group in

the same period. Equally significant, a similar percentage of those at the top moved down. During the same period, 57% of those in the “top 1%” of all earners were in a lower income group a decade later. According to the U.S. Treasury Department, which reported these figures, they are typical and reflect the findings of previous research on income inequality over the past several decades.<sup>67</sup>

America is in fact a highly mobile “opportunity” society with no class, race or gender “ceilings” or hierarchies in any meaningful sense of those terms. America is more accurately described as a society of Cans and Cannots, Dos and Do Nots and Wills and Will Nots. Opportunity exists for all—which does not mean that opportunity is there for those who are unable or unwilling to take advantage of it. Opportunity does not come as a handout available to anyone for the asking. If opportunity is a door, an individual has to be able to open it and walk through it. And this can be difficult. To rise, one has to acquire the discipline, education, self-control and work habits necessary to take advantage of the opportunities that are out there. These assets are generally acquired through family upbringing and through a community culture that fosters them. The two most successful ethnic groups in America,

Jews and Japanese Americans, have risen despite discrimination by putting great emphasis on strong family ties and education. By contrast, a child born into a single-parent, female-headed family—as the majority of African Americans now are—is nearly *six* times more likely to be poor than a child born into a two-parent family.<sup>68</sup> As Martin Luther King observed in words that have generally been ignored, “Nothing is so much needed as a secure family life for a people to pull themselves out of poverty and backwardness.”<sup>69</sup>

This is why soaring out-of-wedlock birthrates beginning in the 1960s have had such dire repercussions for African American communities. For generations, the lower rungs of the American social ladder had been occupied by the working poor. When there were jobs and economic opportunities, the working poor were able to take advantage of them and climb upward. But Lyndon Johnson’s “War on Poverty,” with its massive government welfare programs and stipulations that drove fathers out of beneficiaries’ homes, created a system of dependency and eventually a vast new underclass. For the first time since American slavery, there appeared a group of people who were not only unemployed but unemployable, and had no

chance of improving their lot.

When President Johnson launched the War on Poverty in 1964, he presented it as a progressive plan to *reduce* dependency, to “break the cycle of poverty,” and to make “taxpayers out of tax eaters.”<sup>70</sup> Johnson further claimed that his programs would bring an end to the “conditions that breed despair and violence,” which he identified as “ignorance, discrimination, slums, poverty, disease, not enough jobs.”<sup>71</sup> In a famous June 1965 speech, he said, “You do not take a person who, for years, has been hobbled by chains and liberate him, bring him up to the starting line in a race and then say, ‘you are free to compete with all the others,’ and still justly believe that you have been completely fair.”<sup>72</sup> Thus began an unprecedented commitment of federal funds to a wide range of measures aimed at redistributing wealth.<sup>73</sup>

The result? From 1965 to 2008, nearly \$16 trillion of taxpayer money (in constant 2008 dollars) was spent on welfare programs for the poor that yielded little improvement. (Today the poverty rate is barely 2% less than it was fifty years ago.)<sup>74</sup>

Nor is this simply a matter of \$16 trillion of

taxpayer money poured into programs that didn't work—in other words, waste. The reality is much worse. For in 1965 the number of Americans living below the official poverty line was not rising but was in steep decline, down to about half of what it had been fifteen years earlier. Between 1940 and 1960, the black poverty rate had been cut by nearly half, even though virtually no major anti-poverty programs were enacted during that time.

When the welfare state began to grow exponentially in the 1960s, however, the dependency of poor Americans on the federal government also climbed to unprecedented heights. Between the mid-Sixties and the mid-Seventies, the dollar value of public housing quintupled and the amount spent on food stamps rose more than tenfold. By 1974, government-provided benefits were *twenty times* higher than they had been in 1965.<sup>75</sup> Other figures were climbing as well, particularly out-of-wedlock birthrates.

Throughout the era of slavery and into the early decades of the twentieth century, most black children had grown up in two-parent households. Post-Civil War studies show that most black couples in their forties had been together for at least twenty

years.<sup>76</sup> In southern urban areas around 1880, nearly three-fourths of black households had a husband or father present; in southern rural settings, the figure approached 86%.<sup>77</sup> As late as 1950, black women were more likely to be married than white women,<sup>78</sup> and in 1960, only 9% of black families with children were headed by a single parent.<sup>79</sup> But by the mid-1960s, that had already begun to change.

In a famous 1965 report written at the request of President Johnson and titled “The Negro Family: The Case for Action,” the social scientist Daniel Patrick Moynihan, later a Democratic senator, predicted that the deterioration of the Negro family, already approaching crisis proportions, would have disastrous consequences if not addressed.<sup>80</sup>

In an article expanding on his report, Moynihan wrote: “From the wild Irish slums of the 19th-century Eastern seaboard, to the riot-torn suburbs of [today’s] Los Angeles, there is one unmistakable lesson in American history: a community that allows large numbers of young men to grow up in broken families, dominated by women, never acquiring any stable relationship to male authority, never acquiring any set of rational expectations



about the future—that community asks for and gets chaos. Crime, violence, unrest, disorder—most particularly the furious, unrestrained lashing out at the whole social structure—that is not only to be expected, it is very near to inevitable.”<sup>81</sup>

These were prescient observations, describing the social pathologies of a new underclass that government policies were about to create. The response of progressives was to denounce the Moynihan Report as “racist” and to smear its author, effectively placing an embargo on official government discussions of the black family for the next twenty-five years.<sup>82</sup> Meanwhile, under the new welfare laws, economic incentives were offered to female recipients of financial assistance to shun marriage and avoid the formation of two-parent families. For decades, means-tested welfare programs such as food stamps, public housing, Medicaid, day care, and Temporary Assistance to Needy Families have actually penalized marriage, cutting benefits by roughly 10 to 20 percent for recipients who had domestic partners.<sup>83</sup> As their joint incomes approach the limits prescribed by Medicaid, for example, “a few extra dollars in income cause thousands of dollars in benefits to be lost. What all of this means is that the two most important routes out of poverty—

marriage and work—are heavily taxed ....”<sup>84</sup>

As a result of these government policies, out-of-wedlock birthrates skyrocketed. By 1976, illegitimacy rates had risen to nearly 10% for whites, as opposed to 3% previously, and to 50.3% for blacks, more than double what the rate had been in 1965.<sup>85</sup> In 1987, for the first time in the history of any American racial or ethnic group, the birthrate for unmarried black women surpassed that for married black women.<sup>86</sup> Today the illegitimacy rates are 29% for whites and 73% for African Americans.<sup>87</sup> As Walter E. Williams, an African American who rose from poverty to become a professor at George Mason University, has observed, “The welfare state has done to black Americans what slavery couldn’t do, what Jim Crow couldn’t do, what the harshest racism couldn’t do. And that is to destroy the black family.”<sup>88</sup>

According to the U.S. Census, in 2008 the poverty rate for single parents with children was 35.6%, while the rate for married couples with children was 6.4%.<sup>89</sup> For Hispanics in particular, the corresponding figures were 37.5% and 12.8%; and for blacks, 35.3% and 6.9%.<sup>90</sup> In the estimation of Robert Rector, a fellow at the Heritage Foundation,

“the absence of marriage increases the frequency of child poverty 700 percent.”<sup>91</sup>

The consequences have been catastrophic for the children. Those who grow up in single-parent households are burdened with profound social and psychological as well as economic disadvantages. As Moynihan predicted, youngsters raised by single parents are more likely to be physically abused than children who grow up in married homes. They are also more likely to smoke, drink, and use drugs; to behave aggressively and violently; to engage in criminal activity; and to perform poorly in school. Further, children in single-parent households are more than twice as likely to be arrested for a juvenile crime; twice as likely to be treated for emotional and behavioral disorders; approximately twice as likely to be suspended or expelled from school; a third more likely to drop out of high school; three times more likely to serve jail time before age thirty; and 50% more likely to experience poverty as adults.<sup>92</sup> According to the National Fatherhood Initiative, 60% of rapists, 72% of adolescent murderers, and 70% of long-term prison inmates are men who grew up in fatherless homes.<sup>93</sup> Girls raised by single mothers are more than twice as likely to give birth out of wedlock themselves,

thereby perpetuating the cycle of poverty for yet another generation.<sup>94</sup>

Welfare dependency also inflicts other long-lasting, even permanent, handicaps. Dr. June O'Neill and Anne Hill compared children who were identical in terms of social and economic factors such as race, family structure, mother's IQ and education, neighborhood, and family income; they found that the more years a child spent on welfare, the lower the child's IQ. A similar study by Mary Corcoran and Roger Gordon of the University of Michigan concluded that the more welfare income a family received while a boy was growing up, the lower the boy's earnings as an adult.<sup>95</sup>

The creation of an inner-city underclass, torn by violence, permanently dependent and permanently poor, is easily the greatest crime committed against African Americans since slavery. Yet to the progressive politicians responsible for it, the system that created this underclass makes perfect sense. As Thomas Sowell points out, people who rely on government payouts "are all potential voters for those who rescued them—even if their rescuers are the reason for hard times, in the first place. Dependency pays off for politicians, even when it damages an economy or ruins a society."<sup>96</sup>

### **III. How Big-Government Progressives and Democrats Have Taken Away the Most Important Rung of the Economic Ladder from Minorities and the Poor: Education**

*The poverty rates for African Americans and Hispanics—36% and 35%, respectively—exceed those of all other racial and ethnic groups in the United States. By way of comparison, for example, the poverty rate for whites is only 14%.<sup>97</sup> One crucial reason for this disparity is the disaster that is public education in America's urban communities and particularly in its inner cities.*

In order to rise up from poverty, there is no more important asset than a high school diploma. As an opportunity society, America provides all its citizens with a guaranteed—indeed, required—free public education from kindergarten through high school. Whether or not an individual manages to complete those thirteen years in the classroom is something that has immense ramifications for the rest of one's life. Experience shows that those who fail to finish high school go on to earn only a little more than half as much as those who graduate.<sup>98</sup>

Young people, whatever their race or ethnicity, who receive a high school diploma—and also wait until they are married and at least twenty years old before having their first child—are only one-tenth as likely to be poor as those who fail to graduate and have children out of wedlock.<sup>99</sup>

Almost half of black and Hispanic students in public high schools (45% and 43%, respectively) drop out before graduation and fail to earn a diploma.<sup>100</sup> The dropout rates are especially high in urban areas with large minority populations, including such academic disaster zones as Washington, D.C. (57%), Trenton (59%), Camden (61.4%), Baltimore (65.4%), Cleveland (65.9%), and Detroit (75.1%).<sup>101</sup> As a result of these high dropout rates, black and Hispanic students in these urban centers are denied the American dream and condemned to spend their lives in grinding poverty instead.

A large percentage of those black and Hispanic students who do manage to graduate, moreover, are unable to read their own diplomas. Failed by the public schools they attend, they are functionally illiterate—even with a high school diploma. Overall, black high school graduates are four academic years behind their white counterparts in

achievement levels.<sup>102</sup> Of all graduates in the class of 2011, only 11% of blacks and 15% of Hispanics were proficient in math, as compared to 42% of whites. Similarly, just 13% of blacks and 4% of Hispanics were proficient in reading, versus 40% of whites.<sup>103</sup> Lydia G. Segal, a professor of political science, summed up the sad state of affairs in her book *Battling Corruption in America's Public Schools*: "It is in cities such as New York, Chicago, Los Angeles, Detroit, and Philadelphia where the largest numbers of children cannot read, write, and compute at acceptable levels and where racial gaps between whites and blacks and Latinos are widest. It is in large cities that minority boys in particular, trapped in poor schools, have the greatest chance of flunking out and getting sucked into the downward spiral of crime and prison."<sup>104</sup>

The school boards and school districts that control the public schools in America's largest inner cities—schools which, year-in, year-out, fail to educate poor minority children—are run by big-government Democrats and progressives, and have been for nearly a hundred years.<sup>105</sup> The public schools are a government monopoly run as a jobs program for adults and a slush fund for the teacher unions and the Democratic Party. Through

these organizations, progressives have fought tooth and nail to prevent bad teachers from being fired and good teachers from being rewarded. They have spent millions on electoral campaigns to deny inner-city parents access to voucher programs that would provide scholarships for their children to attend schools that would educate them. At the same time, progressives—fully aware of the bankruptcy of public education—send their own children to expensive private schools, where they will get the good education that the public schools would deny them. When Vice President Al Gore, a progressive supporter of teacher unions and opponent of school vouchers, was asked why he opposed school vouchers for black children while sending his own son to a private school, he said, “If I was the parent of a child who went to an inner-city school that was failing, I might be for vouchers, too.”<sup>106</sup>

Progressives defend programs that have destroyed the life chances of millions of poor black and Hispanic children by claiming that the problem with public education is not the way progressive politicians and the teacher unions run the schools, but the shortage of taxpayer dollars funding them. The claim is brazenly false. American taxpayers spend \$600 billion per year on public



elementary and secondary schools,<sup>107</sup> with average per-pupil expenditures nationwide at an all-time high of \$10,905,<sup>108</sup> a nearly fourfold increase (in constant present-day dollars) since 1961.<sup>109</sup> In the District of Columbia, the per-pupil spending figure is \$16,408—among the highest for any city in the United States.<sup>110</sup> Yet D.C.’s public schools are the worst in the country as measured by student scores.<sup>111</sup> Detroit spends about \$15,945 per public school pupil.<sup>112</sup> Yet fourth- and eighth-graders in that city’s public schools, when tested, read at a level that is 73% below the national average.<sup>113</sup>

Their math scores as of 2011 were the lowest ever recorded in the forty-year history of the exam.<sup>114</sup> In Trenton, New Jersey, whose population is more than 80% black and Hispanic,<sup>115</sup> the government spends \$20,663 per public school pupil, while the citywide high school graduation rate is a mere 41%.<sup>116</sup> In Camden, New Jersey, where nearly 90% of all residents are black or Hispanic,<sup>117</sup> the situation is even worse. Camden spends \$15,961 per pupil, yet only 38.6% of Camden’s public school children ever obtain a high school diploma.<sup>118</sup>

A good education—let alone the non-education that takes place in these public schools—should

not be so expensive. If there are thirty students to a classroom, and the government spends between \$16,000 and \$20,000 per child, as in Washington, Detroit, Trenton, and Camden, that is more than half a million dollars per class. How difficult should it be with that kind of money to teach thirty students to read and write and do basic math over the course of thirteen years? But government schools place students so far down their list of priorities—and spend so much of the education dollar on bloated bureaucracies and six-figure salaries for administrators—that even this modest task is beyond them no matter how much money they are able to tax out of citizens.

The high pay wasted on administrators of failing schools, moreover, is a trend that has been gaining momentum. In 2010 in California, for instance, superintendents and other administrators earned an average of \$168,000 in base pay—an increase of 56% over the corresponding figure from a decade earlier.<sup>119</sup> In Florida the same year, 946 school administrators earned at least \$100,000 each—an 818% increase in the number of six-figure salaries since 2005. Florida's classroom teachers did not participate in this windfall, as they were paid an average of \$47,000 each (the equivalent of about

\$60,000 if they worked a normal work year).<sup>120</sup> The gravy train for public school administrators does not end when their working years are over. In California between 2005 and 2011, the number of education professionals receiving \$100,000-plus annual pensions rose by 650%, from 700 to 5,400.<sup>121</sup>

The government cannot reverse its own school failures even when it bothers to recognize them. Washington has poured hundreds of billions of extra dollars into Title I schools—that is, schools it actually designates as “failed”<sup>122</sup>—with no positive results to show for its investment. The problem is not money. The problem is that these schools are a monopoly system run for the benefit of the teachers and their unions, with no penalties for failure and no incentives to change.

Every year, government schools blight the lives of millions upon millions of poor black and Hispanic children. This is a social atrocity, and big-government progressives are responsible for it.

## IV. How Affirmative Action Has Damaged the Lives of African Americans

*“The Negro must work a little harder than the white man, for he who gets behind must run a little harder or forever remain behind.”*

—Martin Luther King Jr.<sup>123</sup>

When he reviewed the unequal economic outcomes in American society, Martin Luther King did not demand lower standards to allow African Americans to succeed. He asked Americans to enforce a single standard for all its citizens, one based on the content of their character and not the color of their skin. In other words, take the obstacles out of our way. But he did not ask for the track to be shortened or the bar lowered for people whose skin was black. For as Shelby Steele, a gifted African American writer, has said, “No one ever learned to jump higher by lowering the bar.”<sup>124</sup>

Affirmative action entered the national vocabulary on March 9, 1961, when President Kennedy issued Executive Order 10925, stating that federally funded projects should “take affirmative action” to ensure that their hiring and employ-

ment practices were untainted by bias with regard to “race, color, creed, or national origin.”<sup>125</sup> In this initial presentation, affirmative action was synonymous with equal opportunity, not a system rigged with racial preferences that are designed to produce equal outcomes.

Soon, however, organizations on the left were offering alternative new definitions of what affirmative action should mean. The National Urban League, the Congress of Racial Equality, and the NAACP all pressed for reforms requiring employers to adopt race preferences and quotas in their hiring and promotion practices as a way of compensating blacks for past discrimination.<sup>126</sup> Bowing to this pressure, President Johnson declared in 1965 that it was “not enough just to open the gates of opportunity,” that the ultimate goal of government regulations should be to achieve “equality as a fact and as a result.”<sup>127</sup> Simultaneously, the Equal Employment Opportunity Commission changed the legal standards by which employment discrimination was judged. Unequal outcomes became *prima facie* evidence of discrimination, without regard to individual achievements and efforts that may have affected those outcomes.<sup>128</sup> By the 1970s, the government’s newly created civil rights divisions were

compelling both private and public institutions to give preference to blacks—regardless of merit—in order to increase their representation in the workplace and in academic institutions.

A widely ignored problem that this policy created for blacks themselves was crystallized in a little-known consequence of the most celebrated affirmative action case of the Seventies. Known as the “Bakke case,” it involved a white medical student named Allan Bakke, who was twice rejected (in 1973 and 1974) by the UC Davis Medical School despite having registered Medical College Admissions Test (MCAT) scores that placed him in the top 3% of test-takers nationally.<sup>129</sup> Bakke was the unfortunate victim of a discriminatory affirmative action policy that reserved 16% of all UC Davis’s first-year medical school seats for blacks and Hispanics, regardless of their merits in competition with students who happened to be Asian or white. As a result, these minorities were admitted to the UC Davis Medical School with a combined undergraduate grade-point average of only C+ (compared to Bakke’s A-) and MCAT scores that ranked in the bottom third of all test-takers.<sup>130</sup> Apparently, no thought was given to the quality of medical care that would eventually be provided by

students with such mediocre performance records in their academic careers.

Bakke sued the university for discrimination and won his case in state court, where a judge ruled that race could not be used as a factor in admissions decisions. But the university appealed to the Supreme Court, which in June 1978 ruled that schools *could* consider race as one factor (termed a “plus” factor) in the admissions process, even while agreeing with Bakke that he had been discriminated against.<sup>131</sup> After Bakke was originally rejected by UC Davis, his place in the medical school was taken by Patrick Chavis, an African American who later was lauded by such luminaries as Senator Ted Kennedy and other advocates of affirmative action, as someone who had gone on after graduation to become a heroic “poor-folks’ doctor” in minority neighborhoods. This was held up as a testament to the benefits of racial preferences. But in reality, it was a grim triumph of political fiction over actual facts.<sup>132</sup>

Chavis did set up his practice in a community where his services were available to low-income blacks. However, his motives were far from humanitarian. He included in his practice, for exam-

ple, cosmetic surgery for which he was not properly trained, with disastrous consequences for his patients. In 1997, Chavis was stripped of his medical license after he was judged by a medical board to have been negligent and incompetent in the treatment of three patients who had lost immense volumes of blood while in his care, including one who bled to death after Chavis botched a liposuction procedure. In numerous other cases brought before the board, Chavis was found guilty of demonstrating “poor impulse control and insensitivity to patients’ pain.”<sup>133</sup>

The grades and test scores of blacks who are accepted to medical schools are generally lower, on average, than those of white applicants who are rejected. At the University of Maryland Medical School in 2000, for example, blacks with college GPAs of B or B+ and MCAT scores in the bottom half of all test-takers had a 70% likelihood of admission, while for whites and Asians the figure was 2%.<sup>134</sup> Among those black applicants who are admitted to medical school, the failure rate after enrollment is high. Whereas approximately 85% of white medical students graduate within four years, the figure for blacks is less than 60%.<sup>135</sup> As for those African Americans who do manage to be-



come doctors, they are less likely than their white counterparts to become board-certified in all specialty categories other than family medicine.<sup>136</sup>

Double standards are also ubiquitous at professional training schools for aspiring lawyers. At top law schools in the early 1990s, blacks were admitted at 17.5 times the rate that would have been possible under the race-neutral standards previously in place.<sup>137</sup> At the University of Virginia Law School (UVLS) in 1998, black male in-state applicants with a Law School Admissions Test (LSAT) score of 160 and a GPA of 3.25 had a 96% chance of admission, versus only a 3% chance for similarly qualified Hispanic and white applicants. The odds that a given black applicant would be admitted in preference to an equally qualified white applicant at UVLS were almost 650 to 1 in favor of the black applicant.<sup>138</sup> In 2006, a white Arizona resident who applied for admission to the University of Arizona Law School with the same credentials (GPA and LSAT) as the median for black in-state applicants who were admitted that year had only a 5% chance of being accepted—versus a 93% chance for a black resident with the same scores.<sup>139</sup>

No one knows how many medical patients or

professional clients, both black and white, have suffered from incompetence in fields affected by the dismantling of standards that had been developed over generations for their protection. What is known is the number of African American students whose lives were damaged by being the beneficiaries of racial preferences. For along with the rigging of admissions standards came an aggressive campaign by elite schools to recruit unqualified minority students in order to fill racial quotas and make school administrators feel they had performed a public good.

During the 1980s, affirmative action became codified in university admissions policies across the United States. Though black students' median SAT scores in any given year were (and still are) generally 200 points lower than the median scores of their white peers, the former were admitted to virtually all academically competitive schools at much higher rates. In their landmark book, *The Shape of the River*, Ivy League administrators William Bowen and Derek Bok reported that at five of America's top universities, black applicants whose SAT scores fell within the 1200 to 1249 range had a 60% chance of admission, whereas whites with similar scores had just a 19% chance.<sup>140</sup>

The consequence of these ill-thought-out discriminatory schemes was an abnormally high failure and dropout rate for the black students who were selected to benefit from the programs. A 2008 study by the think tank Education Sector reported that black students were 2.5 times more likely to enroll at a college where they had a 70% chance of dropping out, than at a college where they had a 70% chance of graduating.<sup>141</sup> Not surprisingly, racial disparities in graduation rates correspond closely to the degree of racial preferences in a given school's admissions policies. One study found that black students at the University of Colorado at Boulder had SAT scores at least 200 points lower on average than those of their white peers, and that their graduation rate was just 39%, compared to 72% for white students. By contrast, at the University of Colorado at Denver (a second-tier school), the black-white SAT disparity was a negligible 30 points, and the graduation rates for blacks and whites were almost identical.<sup>142</sup>

In evaluating the effects of preferential admissions policies, it is important to consider the lost opportunities for those minority students who were directed to the wrong schools in order to satisfy a progressive agenda. Thomas Sowell, who has pub-

lished studies on affirmative action policies around the world, describes these students as “casualties of the double-standards admissions process,” representing “the ‘collateral damage’ of affirmative action.” He observes that they “would have been far better off succeeding on some campus where the admissions standards matched their academic background and capabilities.”<sup>143</sup>

Just as in the case of undergraduate education, preferential admissions to law schools have many negative consequences for African American students. From the outset of their legal studies, they receive much lower grades than their white peers. More than half of black first-year law students rank in the bottom tenth of their classes academically, while only 8% reach even the top half of their classes.<sup>144</sup> Black students drop out of law school at nearly twice the rate of their white peers.<sup>145</sup> African Americans who manage to complete their legal education are approximately 2 to 4 times more likely than whites to fail the bar exam on their first try, and 2 to 7 times more likely to never pass the bar at all.<sup>146</sup> In short, while law school administrators can boast that they have made their student bodies “diverse,” they have also burdened African American students with unnecessary, life-changing failures

by mismatching them with schools they could not succeed in and circumventing standards that were designed to prevent that result.

Apart from the issue of the injustices done to black and non-black students alike, there is the question of whether such policies were necessary in the first place, even as temporary measures to rectify past discrimination. Self-serving promoters of racial preferences—and black failure—justify their actions by ignoring the remarkable progress that African Americans had made in the era before affirmative action when they relied on the principle of working harder against greater odds, as Martin Luther King advised. Between 1940 and 1960, when there were no affirmative action programs and no racial preferences, African Americans improved their social and economic position faster than they did after the passage of the 1964 Civil Rights Act, or after such preferences were introduced in the 1970s in the guise of affirmative action.

Whereas in 1940 only 10% of African American males held middle-class jobs, by 1960 this figure had more than doubled, climbing to 23%. Between 1940 and 1950, the earnings of the aver-

age African American male, in real dollars adjusted for inflation, grew by a remarkable 75% (about twice the rate at which white male incomes grew), and increased by another 45% during the 1950s. By 1960, male incomes among African Americans were 2.5 times greater than they had been twenty years earlier, and female incomes were 2.3 times greater.<sup>147</sup> In two decades prior to the creation of the welfare system, the poverty rate among African Americans had virtually been cut in half.

Apart from income, there were additional barometers of African Americans' growing prosperity. For instance, between 1940 and 1960, the proportion of African Americans who owned homes rose by 65%, as compared to a 41% increase for whites. In 1940, African American life expectancy at birth was just 53 years, fully 11 years lower than the white figure. By 1960, the African American average lifespan had risen by ten-and-a-half years, while the corresponding figure for whites had increased by only half that much. During that same twenty-year period, the percentage of African Americans who attained high school diplomas more than tripled, while the corresponding figure for whites grew at only one-fifth that rate.<sup>148</sup> In short, the failures inflicted on African Americans

by government programs to promote “diversity” were entirely unnecessary, while the chief “benefit” of those programs was to make white administrators and government officials feel good about themselves.

## **Conclusion**

The government campaigns that resulted in a change in lending rules so as to enable the poor—and especially the minority poor—to buy homes they couldn’t actually afford led to the greatest collapse of home values since the Great Depression. It caused untold trauma to poor families who lost their homes through foreclosure, and wiped out half the net worth of middle-class African Americans who had worked hard to climb up from the poverty of their parents’ generation. Massive government welfare programs destroyed inner-city black families and created a black underclass permanently dependent on government handouts, beset by out-of-control crime rates and substance abuse, and deprived of any real prospect of escaping poverty in the way that previous generations had. A government monopoly in public education, run as a lifetime jobs program for adults with no reward for success or punishment for failure, destroyed a

school system that had once provided vital rungs in the ladder of success for America's immigrant poor. Racial preference programs disguised as affirmative action reintroduced racial categories into America's public life, caused unnecessary failure rates among minority students, and spread incompetence throughout civic institutions. Progressive causes and practices have condemned millions of children, mainly black and Hispanic, to lives of poverty and hopelessness, and have damaged the lives of countless others.

The leftist wisdom that it takes a government to raise a child has been shown in practice to be a perverse untruth. Government can destroy a child. It can destroy entire communities. Given enough latitude and time, and enough power, it can destroy a nation.



## Endnotes

<sup>1</sup> [http://www.cnn.com/US/9601/budget/01-27/clinton\\_radio/](http://www.cnn.com/US/9601/budget/01-27/clinton_radio/)

<sup>2</sup> Bill Clinton, *Back to Work: Why We Need Smart Government for a Strong Economy* (New York: Knopf, 2011); <http://online.wsj.com/article/SB10001424052970204190704577024160426640058.html>

<sup>3</sup> <http://www.discoverthenetworks.org/groupProfile.asp?grpId=7694>

<sup>4</sup> Bill Clinton, *Back to Work: Why We Need Smart Government for a Strong Economy*

<sup>5</sup> Ibid.

<sup>6</sup> <http://stateofworkingamerica.org/charts/home-ownership-rates-by-race-1975-2009/>

<sup>7</sup> <http://www.nytimes.com/2002/01/15/us/henry-reuss-liberal-in-congress-dies-at-89.html>

<sup>8</sup> <http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=52a4960633093ddafec2727093859f12&rgn=div5&view=text&node=12:1.0.1.1.23&idno=12#12:1.0.1.1.23.1.9.1>

<sup>9</sup> Courtesy of the Public Services Division, Law Library of Congress.

<sup>10</sup> Thomas Sowell, *The Housing Boom and Bust* (New York: Basic Books, 2009), pp. 36–37.

<sup>11</sup> [http://www.city-journal.org/html/10\\_1\\_the\\_trillion\\_dollar.html](http://www.city-journal.org/html/10_1_the_trillion_dollar.html)

<sup>12</sup> [http://www.city-journal.org/html/13\\_2\\_acorns\\_](http://www.city-journal.org/html/13_2_acorns_)

nutty\_regime.html; [http://www.city-journal.org/html/10\\_1\\_the\\_trillion\\_dollar.html](http://www.city-journal.org/html/10_1_the_trillion_dollar.html)

<sup>13</sup> Dinesh D'Souza, *The End of Racism* (New York: The Free Press, 1995), p. 280; Thomas Sowell, *The Vision of the Anointed* (New York: Basic Books, 1995), p. 41.

<sup>14</sup> <http://books.google.com/books?id=y0oPY1wguY8C&pg=PA107&lpg=PA107&dq=#v=onepage&q&f=false>

<sup>15</sup> Thomas Sowell, *The Vision of the Anointed*, p. 41.

<sup>16</sup> Ibid.

<sup>17</sup> <http://www.federalreserve.gov/pubs/feds/1997/199702/199702pap.pdf>

<sup>18</sup> Thomas Sowell, *The Housing Boom and Bust*, p. 104.

<sup>19</sup> <http://www.creators.com/opinion/larry-elder/blacks-banks-and-institutional-racism.html>

<sup>20</sup> <http://www.scribd.com/fullscreen/13672431> (p. 5); <http://www.creators.com/opinion/larry-elder/blacks-banks-and-institutional-racism.html>

<sup>21</sup> <http://www.refinancemortgagenow.net/blog/2011/03/30/which-racial-groups-are-the-most-likely-to-default-on-loans/>; <http://aux.zicklin.baruch.cuny.edu/jrer/papers/pdf/past/vol18n02/v18p279.pdf>

<sup>22</sup> The foregoing findings were amplified in subsequent research. In 1998, it was reported that the data used by the original Boston Fed study con-

tained hundreds of errors vis-à-vis such variables as the net worth of the applicants and the interest rates of the loans they sought. When those data errors were corrected, evidence suggesting that lenders had discriminated against minority borrowers disappeared. In 1999, the *Journal of Real Estate Research* (vol. 18, no. 2) reported that black households had “higher marginal default rates” and “lower equity” than white households; the authors could find no evidence “consistent with racial discrimination in mortgage lending.”

<sup>23</sup> <http://www.cato.org/pubs/regulation/regv17n4/vmck4-94.pdf>. Subprime mortgages were loans characterized by higher interest rates and less favorable terms designed to compensate lenders for the high credit risk they were incur<sup>ring</sup>.

<sup>24</sup> Carl Horowitz, “Affirmative Action for Banks?” *Investor’s Business Daily*, March 31, 1995.

<sup>25</sup> [http://www.city-journal.org/html/10\\_1\\_the\\_trillion\\_dollar.html](http://www.city-journal.org/html/10_1_the_trillion_dollar.html)

<sup>26</sup> <http://www.fdic.gov/regulations/compliance/manual/pdf/XI-6.1.pdf>

<sup>27</sup> <http://www.cato.org/pubs/regulation/regv17n4/vmck4-94.pdf>

<sup>28</sup> <http://www.cato.org/event.php?eventid=6603>

<sup>29</sup> <http://www.cato.org/pubs/regulation/regv17n4/vmck4-94.pdf>

<sup>30</sup> <http://www.cato.org/pubs/bp/bp110.pdf>

<sup>31</sup> Ibid.

<sup>32</sup> Ibid.

<sup>33</sup> [http://www.nytimes.com/2006/12/20/business/20home.html?\\_r=1](http://www.nytimes.com/2006/12/20/business/20home.html?_r=1)

<sup>34</sup> <http://www.creators.com/opinion/thomas-sowell/is-barney-frank.html>

<sup>35</sup> <http://www.nationalreview.com/articles/243350/dont-bank-bill-editors>

<sup>36</sup> <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/addi/>

<sup>37</sup> <http://archives.hud.gov/news/2004/pr04-006.cfm>

<sup>38</sup> Thomas Sowell, *The Housing Boom and Bust*, p. 42.

<sup>39</sup> Ibid.

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